

Message Text

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R 160815Z JUL 73

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 1294

S E C R E T SECTION 1 OF 2 CANBERRA 3927

E.O. 11652: XGDS(1)

TAGS: OVIP, AS,US

SUBJ: WHITLAM VISIT-POLITICAL OVERVIEW OF AUSTRALIA
SINCE VISIT BY PRIME MINISTER MAMAHON

REF: STATE 135790

1. BEGIN SUMMARY: AUSTRALIA HAS UNDERGONE A FUNDAMENTAL REORIENTATION OF ITS INTERNAL AND EXTERNAL POLICIES SINCE THE VISIT TO WASHINGTON BY THEN PRIME MINISTER MCMAHON IN NOVEMBER , 1971. THE REORIENTATION OF ITS EXTERNAL POLICIES IN PART HAS BEEN A DELIBERATE CHOICE OF PRIME MINISTER WHITLAM AND IN PART HAS BEEN ACCENTUATED IN ITS IMPACT BY THE CRITICAL AND OCCASIONALLY ABUSIVE TONE USED BY WHITLAM AND SOME OF HIS SENIOR MINISTERS IN EXPRESSING OPPOSITION TO CERTAIN U.S. POLICIES. WHITLAM FACES CONSIDERABLE INTERNAL POLITICAL PROBLEMS AND CONSTRAINTS IN THE FURTHER REORIENTATION OF AUSTRALIAN POLICIES. HE HAS SUCCESSFULLY PILOTED THE ISSUE OF U.S. DEFENSE INSTALLATIONS PAST POTENTIAL OPPOSITION AT THE ALP FEDERAL CONFERENCE. END SUMMARY.

2. AUSTRALIA HAS GONE THROUGH A FUNDAMENTAL REORIENTATION OF BOTH ITS INTERNAL AND EXTERNAL POLICIES SINCE THE VISIT TO WASHINGTON BY THEN PRIME MINISTER MCMAHON IN NOVEMBER , 1971. THE AUSTRALIAN LABOR PARTY, AN
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ELECTIC AND OFTEN FACTIONALIZED COALITION OF TRADE UNION MEMBERS, TRADITIONAL RADICALS, MISCELLANEOUS MARXISTS AND, MOST SIGNIFICANTLY ,WITH A LEADERSHIP AND GROWING MAJORITY OF MIDDLE CLASS ORIGINS, WON THE

ELECTIONS OF DECEMBER, 1972. THE ALP IS OFTEN REFERRED TO AS QTE LABOR END QTE, BUT IT WOULD PROBABLY BE MORE ACCURATE TO REFER TO IT AS A DEMOCRATIC PARTY TO THE LEFT OF CENTER.

3. POLITICAL SITUATION- IN PART BECAUSE OF ITS SOCIAL DEMOCRATIC TENDENCIES AND TRADITIONS, IN PART BECAUSE OF OPPOSITION TO THE GENERALLY CONSERVATIVE OUTLOOK OF ITS PREDECESSOR IN GOVERNMENT, THE ALP GOVERNMENT HAS UNDERTAKEN A SUBSTANTIAL REORIENTATION OF ITS EXTERNAL AND INTERNAL POLICIES. HOW FAR-REACHING THE REORIENTATION WILL BE DEPENDS IN LARGE MEASURE ON THE KIND OF LEGISLATION LABOR CAN GET THROUGH THE AUSTRALIAN PARLIAMENT IN THE NEXT FEW YEARS. LABOR HAS 67 SEATS IN THE HOUSE OF REPRESENTATIVES, AS AGAINST 58 SEATS FOR THE LIBERAL-COUNTRY OPPOSITION. AFTER ELECTING THE SPEAKER OF THE HOUSE, LABOR HAS A RELIABLE MAJORITY OF EIGHT. GIVEN THE VERY TIGHT DISCIPLINE THAT PREVAILS IN THE AUSTRALIAN HOUSE, THIS IS SUFFICIENT MARGIN TO ENSURE THE GOVERNMENT OF PASSAGE OF VIRTUALLY ALL LEGISLATION IN ITS PROGRAM THROUGH THE LOWER HOUSE.

4. IN THE SENATE, HOWEVER, LABOR HAS 26 SEATS, THE LIBERAL-COUNTRY -DLP OPPOSITION HAS 31 SEATS, AND THERE ARE THREE INDEPENDENTS. TWO OF THE INDEPENDENTS USUALLY VOTE WITH LABOR AND ONE WITH THE OPPOSITION, SO THAT THE POTENTIAL PARTY BALANCE IN THE SENATE IS 32 TO 28 AGAINST THE GOVERNMENT. IN THE SENATE SESSION THAT ENDED JUNE 8 THE SENATE CONSIDERED 110 BILLS, REJECTING FOUR MAJOR BILLS, AMENDING EIGHT OTHERS, AND POSTPONING CONSIDERATION OF TWO MAJOR GOVERNMENT BILLS. IN THE AUSTRALIAN CONTEXT, THIS AMOUNTED TO FLINGING DOWN THE GAUNTLET BEFORE PRIME MINISTER WHITLAM, CHALLENGING HIM TO CALL FOR EARLY ELECTIONS TO BRING ABOUT A DIFFERENT PARTY DISTRIBUTION IN THE SENATE AND, THEREFORE , A MORE FAVORABLE ATMOSPHERE
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FOR HIS LEGISLATIVE PROGRAM.

5. IN MAY AND JUNE THERE WERE CONTINUING INDICATIONS THAT PRIME MINISTER WOULD MOVE TOWARDS EARLY ELECTIONS, EITHER IN THE FORM OF A DOUBLE DISSOLUTION OF BOTH HOUSES OF PARLIAMENT IN THE NEXT SIX MONTHS OR SO, A DISSOLUTION OF THE HOUSE OF REPRESENTATIVES ACCOMPANIED BY STATUTORY ELECTIONS FOR HALF OF THE SENATE , OR A VIGOROUS CAMPAIGN TO CHANGE THE COMPOSITION OF THE SENATE IN THE STATUTORY ELECTIONS FOR HALF OF THE SENATE IN THE NEXT SIX MONTHS OR SO.

6. NOT ALL OF WHITLAM'S LEGISLATIVE PROGRAM HAS BEEN

PUT BEFORE PARLIAMENT. ON THE BASIS OF ITS PERFORMANCE SO FAR, IT CAN BE ANTICIPATED THAT WHITLAM WILL ENCOUNTER OPPOSITION TO SOME OF HIS PROPOSALS STILL TO BE PRESENTED FOR ENACTMENT, INCLUDING PARTICULARLY THE ESTABLISHMENT OF A NATIONAL HEALTH SCHEME, A BROAD-RANGING HOUSING BILL, LEGISLATION ON THE TERRITORIAL SEAS, AND , PERHAPS, BILLS PROVIDING FOR STRONG CONTROLS ON FOREIGN INVESTMENT AND ON THE ROLE OF THE FEDERAL GOVERNMENT IN THE ECONOMY.

7. WHITLAM MIGHT NEGOTIATE HIS LEGISLATIVE PROGRAM WITH THE OPPOSITION IN THE SENATE , GETTING HALF OR THREE-QUARTERS OF A LOAF, RATHER THAN NONE. HOWEVER, HE HAS DEEP CONTEMPT FOR THE OPPOSITION, HE IS AN IMMENSELY PROUD AND EVEN ARROGANT MAN, AND HE IS CONVINCED THAT THE SENATE SHOULD BE REDUCED TO THE RELATIVE IMPORTANCE OF THE HOUSE OF LORDS IN BRITAIN AND EVENTUALLY ELIMINATED ALTOGETHER.

8. AT THIS POINT THE ELECTORAL PROSPECTS FOR LABOR IN NEW ELECTIONS ARE NOT PARTICULARLY BRILLIANT. LABOR LOST THE STATE ELECTIONS IN VICTORIA IN MAY, IT SEEMS LIKELY TO LOSE THE STATE ELECTIONS IN NEW SOUTH WALES TOWARDS THE END OF 1973 (NO DATE HAS YET BEEN FIXED), AND PUBLIC OPINION POLLS TO DATE SUGGEST THAT IT HAS LOST THE SWINGING VOTE OF 2PERCENT OF THE ELECTORATE WHICH BROUGHT IT TO POWER IN DECEMBER, 1972. INFLATION IS SEVERE (CURRENTLY ABOUT NINE PERCENT AT AN ANNUAL RATE AND PROBABLY SECRET

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INCREASING IN VELOCITY), THE BUDGERARY DEFICIT WAS ABOUT A\$1.0 BILLION FYR FY 1973, AND PROSPECTS ARE FOR AN INCREASED DEFICIT FOR FY1974.

9. NONE OF THESE INDICATIONS IS DEFINITIVE , AND A BRILLIANT PERFORMANCE BY WHITLAM OVER THE COMING MONTHS COULD MAKE UP FOR A RECORD WHICH HAS NOT BEEN PARTICULARLY ENCOURAGING TO DATE. WHITLAM IS THE DOMINANT FIGURE ON AUSTRALIAN POLITICAL SCENE. HE MONOPOLIZES THE FRONT PAGE AND HAS DEVELOPED A CERTAIN CHARISMA, WHILE OPPOSITION LEADER BILLY SNEDDEN SEEMS RELATIVELY WEAK AND UNCERTAIN.

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ACTION EA-14

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R 160815Z JUL 73
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 1295

S E C R E T FINAL SECTION OF 2 CANBERRA 3927

E.O. 11652: XGDS(1)
TAGS: OVIP, AS, US
SUBJ: WHITLAM VISIT-POLITICAL OVERVIEW OF AUSTRALIA
SINCE VISIT BY PRIME MINISTER MACMAHON

10. A TEST OF THE GOVERNMENT'S POPULARITY WILL BE A BY-ELECTION IN THE SYDNEY URBAN SEAT OF PARRAMATTA, FROM WHICH THE FORMER LIBERAL FORIENG MINISTER, NIGEL BOWEN, RESIGNED JULY 9. PARRAMATTA, WHICH BOWEN WON BY THE NARROW MARGIN OF 359 VOTES OUT OF 60,000 LAST DECEMBER, IS A HIGHLY MARGINAL AREA. THE FACT THAT A PROMINENT LIBERAL LEADER WON BY SO SLIM A MAJORITY IN 1972 SUGGESTS THAT A LESSER KNOWN REPLACEMENT FOR BOWEN WILL HAVE AN YP-HILL FIGHT. HOWEVER, TWO OF AUSTRALIA'S MOST EXPERIENCED POLITICAL JOURNALISTS HAVE NOTED THAT AUSTRALIAN GOVERNMENTS IN POWER HAVE ALMOST ALWAYS LOST BY-ELECTIONS OF THIS KIND AND HAVE PREDICTED AN OPPOSITION VICTORY ON FORM ALONE. BOTH LABOR AND THE LIBERAL-COUNTRY-DLP OPPOSITION HAVE INDICATED THAT THEY WILL MOUNT A STRONG EFFORT TO WIN THIS BY-ELECTION, WHICH WILL PROBABLY TAKE PLACE

AROUND THE MIDDLE OF SEPTEMBER. A VICTORY FOR THE ALP MIGHT ENCOURAGE THE LABOR GOVERNMENT TO CHALLENGE THE OPPOSITION TO FACE EARLY ELECTIONS. A VICTORY FOR THE OPPOSITION MIHT DISCOURAGE THE HOLDING OF EARLY
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ELECTIONS AND CONFIRM THE PRESENT TENDENCY TO DEAD-LOCK OVER MAJOR GOVERNMENT LEGISLATIVE MEASURES.

11. THE PERIOD SINCE THE MCMAHON VISIT HAS ALSO BEEN MARKED BY STEADILY INCREASING TENSIONS IN RELATIONS BETWEEN THE FEDERAL GOVERNMENT AND THE STATES. LABOR CONTROLS THREE OF THE STATE GOVERNMENTS (TASMANIA, SOUTH AUSTRALIA, WESTERN AUSTRALIA), WHILE THE LIBERAL AND COUNTRY PARTIES CONTROL THE OTHER THREE (QUEENSLAND, NEW SOUTH WALES, VICTORIA). HOWEVER, ACROSS A RANGE OF ISSUES, INCLUDING BUDEGATROY PROBLEMS, CONTROL OF OFFSHORE MINERAL RIGHTS, AND ACCESS TO REVIEW OF COURT DECISIONS BY THE JUDICIAL COMMITTEE OF THE PRIVY

COUNCIL IN LONDON, ALL SIX STATE GOVERNMENTS HAVE TAKEN UP A COMMON POSITION IN OPPOSITION TO THE LABOR-CONTROLLED FEDERAL GOVERNMENT. PERHAPS AS DAMAGING TO FEDERAL-STATE RELATIONSHIPS AS ANYTHING ELSE IS WHITLAM'S EVIDENT DISDAIN FOR CONTINUATION OF THE STATES AS MAJOR ADMINISTRATIVE UNITS, HIS QTE CENTRALIST END QTE POSITION ON MANY ISSUES OF POLITICAL, ECONOMIC, AND SOCIAL POLICY, AND HIS INCREASING TENDENCY TO REFER TO THE QTE AUSTRALIAN GOVERNMENT END QTE , RATHER THAN THE QTE FEDERAL END QTE OR QTE COMMONWEALTH END QTE GOVERNMENT, AS IS REFERRED TO IN THE CONSTITUTION.

12. AT THE ALP CONFERENCE ON JULY 13 WHITLAM OBTAINED APPROVAL OF A SWEEPING RESOLUTION CALLING FOR THE STATES TO TURN OVER TO THE FEDERAL GOVERNMENT SUCH POWERS (UNDERFINED) AS ARE NECESSARY TO CARRY OUT THE ALP PROGRAM. WESTERN AUSTRALIAN PREMIER TONKIN AND TASMANIAN PREMIER REECE POINTED OUT IN VAIN TO CONFERENCE THAT THIS RESOLUTION WOULD PROBABLY LEAD TO THE DEFEAT OF THE THREE STATE LABOR GOVERNMENTS.

13. POLITICAL /SECURITY RELATIONS WITH THE U.S. THE PERIOD SINCE THE MCMAHON VISIT HAS BEEN MARKED BY COOLING OF AUSTRALIAN-AMERICAN RELATIONS. THIS HAS BEEN EVIDENCED BY THE STRAIN THAT DEVELOPED IN DECEMBER, 1972, WHEN PRIME MINISTER WHITLAM SENT A CRITICAL LETTER TO PRESIDENT NIXON ON BOMBING OF HANOI-HAIPHONG, AND THREE SENIOR MINISTERS OF LABOR GOVERNMENT USED
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GROSSLY ABUSIVE TERMS IN REFERRING TO PRESIDENT AND U.S. BIET-NAM POLICY. FACT THAT GOA UNSUCCESSFULLY APPROACHED INDONESIA AND JAPAN IN DECEMBER WITH SUGGESTION THAT THEY JOIN AUSTRALIA IN PRESSURING U.S. GOVERNMENT TO HALT BOMBING HAS NOW BEEN CARRIED IN AUSTRALIAN PRESS. PRIME MINISTER WHITLAM HAS ALSO BEEN OPENLY CRITICAL OF OTHER U.S. PROLICIES, PARTICULARLY IN HIS EXTEMPORANEOUS RESPONSES TO PARLIAMENTARY QUESTIONS. ON THE OTHER HAND, WHITLAM HAS BEEN AT PAINS, (E.G. HIS STATEMENT ON INTERNATIONAL AFFAIRS IN PARLIAMENT MAY 24) TO PRAISE ROLE OF PRESIDENT NIXON IN PROMOTING IMPROVED RELATIONS WITH PRC AND SOVIET UNION AND REGULARLY REFERS TO IMPORTANCE OF ANZUS RELATIONSHIP IN PICUTRE OF AUSTRALIAN EXTERNAL SECURITY.

14. EMBASSY WORKING RELATIONS WITH DFA, ADOD, AND OTHER MAJOR DEPARTMENTS WITH WHICH WE REGULARLY DEAL HAVE BEEN LARGELY UNAFFECTED BY EVENTS OF PAST 18 MONTHS OR SO AND CONTINUE TO BE CORDIAL AND STILL FAIRLY INTIMATE. FACT IS, HOWEVER, THAT ACROSS GROWING RANGE OF ISSUES (E.G. , SEATO , FPDA, INDO-CHINA, AFRICAN AND INDIAN OCEAN ISSUES IN UN, LOS, FOREIGN

INVESTMENT) U.S. AND AUSTRALIA NO LONGER AGREE COMPLETELY AS THEY DID IN LARGE MEASURE UNDER MCMAHON GOVERNMENT. ADVANCE CONSULTATION AND COORDINATION OF VIEWS AND ACTION ON FOREIGN POLICY IS BECOMING NOTICEABLY LESS FREQUENT ACROSS THE BOARD.

15. THIS IS CLEARLY RESULT OF DELIBERATE POLICY DECISION BY WHITLAM. AS HE SAID TO ALP CONFERENCE JULY 12, QTE OUR RELATIONS WITH THE UNITED STATES ITSELF ARE OF THE HIGHEST IMPORTANCE, BUT AGAIN ONLY ONE ASPECT OF OUR INTERESTS AND OBLIGATIONS IN OUR REGION AND AROUND THE WORLD. END QTE.

16. IN PART THE COOLING OF THE AUSTRALIAN-AMERICAN RELATIONSHIP REFLECTS A LONGER TREND, A CONSEQUENCE OF THE POLITICAL AND ECONOMIC COMING OF AGE OF AUSTRALIA, AND LESS PERCEIVED DANGER FROM OUTSIDE AND WAS OBSERVABLE DURING THE MCMAHON GOVERNMENT. WHITLAM'S DELIBERATE DECISION TO INCREASE
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THE DISTANCE BETWEEN THE GOVERNMENT AND THE U.S. AND, EVEN MORE, THE INCISIVE MANNER IN WHICH HE HAS EXPRESSED THAT DECISION HAVE ACCELERATED A TREND TOWARDS A MORE NATIONALISTIC AUSTRALIA.

17. AFTER CONSIDERABLE ALARMS AND EXCURSIONS, IT NOW APPEARS THAT EXISTING U.S. AND JOINT AUSTRALIAN-AMERICAN DEFENSE INSTALLATIONS IN AUSTRALIA WILL BE MAINTAINED WITHOUT CHANGE OR WITH RELATIVELY MINOR CHANGES ACCEPTABLE TO THE U.S. THE ALP FEDERAL CONFERENCE (JULY 9-13) DID NOT DISCUSS MAJOR DEFENSE INSTALLATIONS AND RELATIONSHIPS DIRECTLY, AND IT LEFT OPEN THE POSSIBILITY OF APPROVAL FOR CONSTRUCTION OF AN AUSTRALIAN STATION IN THE OMEGA NAVIGATIONAL SYSTEM. THIS OUTCOME WAS A MAJOR VICTORY FOR WHITLAM AGAINST VOCAL LEFT WING OPPOSITION. HE WAS DETERMINED TO DEFEND EXISTING US DEFENSE INSTALLATIONS AND DISPLAYED CONSUMMATE PARLIAMENTARY SKILL IN MANAGING ALP CONFERENCE TREATMENT OF THIS SUBJECT.

18. AUSTRALIA MAY, IN SOME CASES, CONTINUE TO AGREE TO COOPERATE US DEFENSE PROGRAMS, BUT IT IS CLEAR THAT THE LABOR GOVERNMENT WILL NOT WELCOME NEW PROGRAMS AND WILL BE PARTICULARLY SENSITIVE ABOUT AUSTRALIAN SOVEREIGNTY AND CONTROL. THE CONCLUSION FOR THE US IS THAT WE NEED TO REVIEW RIGOROUSLY NEW MILITARY PROGRAMS PROPOSED FOR AUSTRALIA TO ENSURE THAT PRIORITY GOES TO THE MOST IMPORTANT ONES.

19. SEPTEL ON BILATERAL ECONOMIC ISSUES FOLLOWS.
GREEN

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